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the year as the facts become known the amount of the periodic credits shall be adjusted so as to include as nearly as can be determined in each year the taxes applicable thereto. Any amount representing a prepayment of taxes applicable to the period subsequent to the date of the balance sheet shall be shown under account 165, Prepayments.

(b) The records supporting the entries to this account shall be kept so as to show for each class of taxes the amount accrued, the basis for the accrual, the accounts to which charged, and the amount of tax paid.

§ 256.237 Interest accrued.

This account shall include the amount of interest accrued on all liabilities of the service company. Supporting records shall be maintained so as to show the amount of interest accrued on each obligation.

§ 256.238 Dividends declared.

This account shall include the amount of dividends which have been declared but not paid.

§ 256.241 Tax collections payable.

This account shall include the amount of taxes collected by the service company through payroll deductions or otherwise pending transmittal of such taxes to the proper taxing authority.

§ 256.242 Miscellaneous current and accrued liabilities.

This account shall include the amount of all other current and accrued liabilities not provided for elsewhere. The records supporting this account shall be maintained so as to show the nature of each liability included herein.

8. DEFERRED CREDITS

§ 256.253 Other deferred credits.

This account shall include advance billings and receipts and other deferred credit items, not provided for elsewhere, including amounts which cannot be entirely cleared or disposed of until additional information has been received. Subaccounts by category of credits should be established.

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§ 256.255 Accumulated deferred investment tax credits.

(a) This account shall be credited and account 411.5, Investment tax credit, debited with investment tax credits deferred by companies which do not apply such credits as a reduction of the overall income tax expense in the year in which a tax credit is realized. A proportionate amount shall be debited to account 411.5, Investment tax credit, as determined in relation to the average useful life of service company property to which the tax credit relates or such lesser period of time as may be adopted.

(b) Records shall be maintained identifying the service company property giving rise to the investment tax credits for each year with the weighted-average service life of such properties and any unused balances of such credits. Such records are not necessary unless the tax credits are deferred.

9. ACCUMULATED DEFERRED INCOME TAXES

§ 256.282 Accumulated deferred income taxes.

(a) The text of these accounts is designed primarily to cover deferrals of Federal income taxes. However, they are also to be used when making deferrals of state and local income taxes. Service companies which have service company property and which have deferred taxes on income with respect thereto shall separately classify such deferrals in the accounts provided below so as to allow ready identification.

(b) This account shall be credited and account 410, Provision for deferred incomes taxes, shall be debited with tax effects related to property described in paragraph (a) of this section where taxable income is lower than pretax accounting income due to differences between the periods in which revenue and expense transactions affect taxable income and the periods in which they enter into the determination of pretax accounting income.

(c) This account shall be debited and account 411, Provision for deferred income taxes—credit, shall be credited with tax effects related to property described in paragraph (a) of this section

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where taxable income is higher than pretax accounting income due to differences between the periods in which revenue and expense transactions affect taxable income and the periods in which they enter into the determination of pretax accounting income.

(d) Records with respect to entries to this account, as described above, and the account balance shall be so maintained as to show the factors of calculation and the separate amounts applicable to the additions of each vintage year for each class, group, or unit. The underlying calculations to segregate and associate deferred tax amounts with the respective vintage years may be based on reasonable methods of approximation, if necessary, consistently applied.

SERVICE COMPANY PROPERTY ACCOUNTS

§ 256.301 Organization.

This account shall include all fees paid to federal or state governments for the privilege of incorporation and expenditures incident to organizing a corporation or other form of organization and putting it into readiness to do business including cost of obtaining certificates authorizing the service company to engage in its business, fees and expenses for incorporation, fees and expenses for mergers or consolidations, office expenses incident to organizing the service company, and other expenditures incident to the organization of the service company such as stock, minute books and corporate seal.

NOTE: This account shall not include any discounts upon securities issued or assumed nor shall it include any costs or expenses in connection with the authorization, issuance and sale of securities of the service company.

§ 256.303 Miscellaneous intangible plant.

(a) This account shall include the cost of patent rights, licenses, privileges, and other intangible property necessary or valuable in the conduct of the service company's operations and not specifically chargeable to any other account.

(b) This account shall be maintained in such a manner that the service company can furnish full information with

respect to the amounts included herein.

NOTE: When any item included in this account is retired or expires, the book cost thereof shall be credited hereto and charged to account 426.5, Other deductions.

§ 256.304 Land and land rights.

(a) This account shall include the cost of any right, title, or interest to land held by the service company, including without limitation the cost of land owned in fee by the service company and the cost of easements, rights of way, and any other similar interests in land.

(b) When special assessments for improvements provide for deferred payments, the full amount of the assessments shall be charged to the appropriate land account and the unpaid balance shall be carried in an appropriate liability account. Interest on unpaid balances shall be charged to the appropriate interest account. If any part of the cost of improvement is included in the general tax levy, the amount thereof shall be charged to the appropriate tax account.

(c) Separate entries shall be made for the acquisition, transfer, or sale of each parcel of land, and each land right. A record shall be maintained showing the nature of ownership, full legal description, area, map reference, purpose for which used, city, county and tax district in which situated, from whom purchased or to whom sold, payment given or received, other costs, contract date and number, date of recording of deed, and book and page number of record.

(d) If at the time of acquisition of an interest in land such interest extends to buildings or other improvements which are then devoted to the service company's operations, the land and improvements shall be separately appraised and the cost allocated to land and buildings or improvements on the basis of the appraisals. If the improvements are removed or wrecked without being used in operations, the cost of removing or wrecking shall be charged and the salvage credited to the account in which the cost of the land is recorded.